



**Aalto University**  
School of Business

**Mikkeli Campus**

# CROSS CULTURAL MANAGEMENT: FOCUS ON FINNISH COMPANY MANAGEMENT ENTERING INDIA

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International Business

Bachelor's Thesis

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Date of Submission: 9 April 2021

Aalto University

School of Business

Bachelor's Program in International Business

Mikkeli Campus

AALTO UNIVERSITY  
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ABSTRACT OF  
BACHELOR'S THESIS

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**Title of thesis:** Cross-cultural management: Focus on Finnish company management entering India

**Date:** 9 April 2021

**Degree:** Bachelor of Science in Economics and Business Administration

**Supervisor:** Mirja-Liisa Charles

### **Objectives**

The main objectives of this thesis were to study cross cultural differences between Indian and Finnish culture, and the possible conflicts due to these differences. The purpose of this thesis is to illustrate various practices for understanding and categorizing culture, provide insightful knowledge about the Indian and Finnish cultural characteristics, and explore the possible communication conflicts between these two cultures.

### **Summary**

There has been a lot of research on culture and cultural dimensions. However, not much research has been done on cross-cultural effects. Therefore, this study focuses on Indian and Finnish cultural groups to explore the effects of cross-cultural business practices and explore if these cultures can face conflicts due to cross-cultural differences. The theoretical framework is largely based on Geert Hofstede's findings in *Cultures and Organisations* global study of cultural differences in the workplace. This thesis focuses on wide research on culture through secondary sources along with an attempt to conduct and study interviews with Finnish and Indian employees/managers who have worked in India and Finland respectively. Furthermore, this compares the Indian and Finnish culture and provides practical implications for companies to avoid cross-cultural conflicts to function successfully.

### **Conclusions**

The findings of this study indicate that there are many differences between the Indian and the Finnish cultures. These cultures are opposite of each other and differ in many cultural dimensions. For example, the Finnish culture is seen to be more individualistic, low on power distance index, and deal-focused culture. On the other hand, Indian culture is seen to be more collectivistic, high on power distance index (hierarchy), and a relationship-focused culture. Due to these cultural differences, conflicts between these two cultures are possible as both cultures have different working practices and views. Lastly, we learn that globalization has offered many reasons to explore and search for cultural understanding.

**Key words:** Cross-cultural conflicts, cross-cultural management, Hierarchy, India, Finland

**Language:** English

**Grade:**

## OUTLINE

### Bachelor's Thesis

AALTO UNIVERSITY SCHOOL OF BUSINESS

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## **1. INTRODUCTION**

### **1.1. Background**

Culture has a huge influence not only on our lives but also on our work & businesses as it differs from country to country. There are various factors that shape the national culture of a country such as the origin of a country, and the day-to-day social changes. The influence of national culture on the management as well as organizational behaviour of an organization operating in a particular country is unavoidable (Francesco & Gold, 1998). The organizations and companies working in an international business environment, in this case, Finland, may function or operate differently because of having differences in the working environment and following different sets of rules and policies. In addition, individuals inside the organizations will likewise have various perspectives and practices because of the impact of their own national culture. Factors such as authority, hierarchy, rituals, and values affect the different working environment in any business. In order to understand the core differences between organizational and national cultures which affect the business environment of any organization, cultural dimensions play a huge significant role. As described by Hofstede (2010), “dimensions as an aspect of culture that can be measured relative to other cultures. Cultural dimensions enable the provide ways of understanding behaviour encountered in business situations that at first may appear odd, mysterious or inscrutable.” Therefore, it is essential to understand the role of cultural dimensions in understanding the organizational culture of different nations.

In recent years, the economic ties have been increasing between India and Finland. “Finnish companies are expanding their business rapidly in India to serve India’s domestic market” (Numminen, 2007; Finpro, 2007; Boopathi, 2014). According to mea.gov.in (2017), “Finland was India’s 60th largest trade partner globally and 10th largest within the EU (Ministry of Commerce & Industry, Government of India 2017).” The main export items from India to Finland includes electronic goods, mineral oils and mineral fuels, coffee, rubber, iron and steel, organic chemicals, machinery and mechanical appliances. Additionally, major imports of India from Finland includes paper, paper board, vehicles and transport equipment (mea.gov.in, 2017)

The following table shows Exports to Finland and Imports from Finland to India from the year 2104-2017:

<b>Financial Year</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b>Exports to Finland</b>	330.18	248.60	272.67
<b>Imports from Finland</b>	917.48	1002.37	1011.67
<b>Total Trade</b>	1247.66	1251.14	1284.34

*Source: Ministry of Commerce, Government of India*

There are approximately 100 big and small Finnish companies operating in India and large companies like Nokia, Kone, Wartsila, UPM, Fortum, and Metso have established their manufacturing facilities in different parts of India. Along with this, big IT companies such as Tieto and F-Secure also have operations in India. Besides, there are about 30 Indian companies such as Tech-Mahindra, HCL Technologies, TCS (mea.gov.in, 2017).

This thesis will study and compare the cultural dimensions of Finland and India. I am originally from India and I have been studying business and economics in Finland for the past two years. When I first came to Finland in the year 2018, I was surprised to observe such an extensive contrast of culture between Finland and India. Additionally, I experienced cultural differences personally when I moved here. It is much easier to support my observation with examples. In India, public displays of affection are not encouraged, and Indians do not tend to involve in any sort of physical touch with the opposite gender publicly. However, it was quite different here as the Western culture normalizes the physical touch. People are seen holding hands, which has gradually become the norm now in India as well however, showing affection by kissing publicly is strictly prohibited. I was not really shocked because I had always known a little about Western culture through watching movies and reading books. These gestures are normal for the new generation. I was rather more surprised about the traffic regulations in Finland which is entirely opposite to the traffic in India. While crossing the roads, I always had to stop and look twice before crossing the road in India because people who drive usually do not stop for pedestrians. However, it was distinct in Finland as the driver always stopped and let the people on foot go first. It was an eye opener to

discover that girls are taught carpentry and boys are taught knitting in schools in Finland. This clearly reflects how Finnish society practices gender equality. It is common in history of India that there were and still are discrimination on the basis of gender as women were not allowed to go to schools and were expected to run households and take care of the family whereas men were expected to go out and work. In modern India, these patterns have changed a bit and there are a number of schools and colleges for women nowadays. However, boys are still considered somewhat a better breed. These two countries are absolutely opposite to each other culture wise, history, values and traditions. The contrast between India and Finland has made me curious and compelled me to dig-in more. Therefore, I am anxious to learn more about the work ethics and relationship between these two countries. The focus of this thesis aims at studying the business cultures of both the countries with various cultural frameworks. Furthermore, there will be a comparison of these two cultures to expose the possible cross-cultural conflicting situations. The aim of this thesis is not intended to provide an extensive analysis on the cultural differences between India and Finland. However, it is solely to put forward a practical implementation of understanding communication and cultural issues in the relationships of Finnish Indian businesses.

## **1.2. Research Problem**

Culture has an important and a major place in people's private and professional lives. When witnessed together, different cultures need effective management, as in multinationals. Effective management of different cultures in businesses is called 'cultural adequacy'. 'Cultural adequacy management' is said to be one of the factors which enhance employees' motivation and performance in multicultural environments (Procedia-Social and Behavioural Sciences 150, 2014).

What is meant by cultural differences at multinationals? How do these cultural differences distinct themselves? How can they effectively be managed? How can they be turned into advantages? These are some considerable questions that need tackling from this perspective. Hofstede holds a view that "culture is more effective than demographics as far as values and attitudes at an organization are concerned." (Kundu, 2001)



It is extremely essential and crucial for businesses that are operating in an international environment to be culturally conscious so that one is proficient enough to identify and get along with people from other cultures. Due to cultural differences, there can be major cultural conflicts caused due to lack of understanding. These cultural conflicts are at times not only time consuming but also difficult to resolve because the parties of the conflict have differences in their beliefs, and it becomes a challenge for them to understand each other's culture. What is common for one party may seem counterintuitive, unusual, and misleading to others.

### **1.3. Research questions**

This thesis aims to answer the following questions:

Question 1: How can work culture and management in Finland and India create conflicts?

Question 2: How can organizational set ups in Finland and India create a conflict?

### **1.4. Research objectives**

There are certain research objectives that are needed to be achieved in this thesis. Organizations are occupied with cultural conflicts that may hamper their business growth and that problem needs to be objectified. The management would be busy sorting out these cultural conflicts which would eventually lead to energy drain and lack of motivation among employees further resulting in the organization's either delayed or little growth. This thesis will be planned and executed to find out systematic and logical outcomes by asking open-ended questions in conducted interviews. With the collected feedback, it would then be first understood and then make suggestions to organisations on how to evaluate and avoid cultural mannerisms (if needed).

There are numerous suggestions and examples of different concepts and studies which emphasize on providing effective cultural diversity management in organizations. The most important property of these concepts is its charging significant responsibilities to people and culture department (replaced name for human resources) and its profoundly utilizing modern management techniques. There are also many studies which focus on the necessity of getting a multicultural workforce by providing in-service training programs, how people from different cultural views work,

by what they are motivated, what are their attitudes, what are their values, and how they can be learned (Seymen 2006, p. 307).

## **2. LITERATURE REVIEW**

### **2.1. Culture as a concept**

Culture plays an important role when studying intercultural communication. Culture is a powerful and dynamic social phenomenon. Culture is the common understanding, which is learnt and developed through social interaction with others in society (NCERT 2015, p. 63). Each of us belong to different cultures which give us the information about what is appropriate and expected. In many single countries, cultures overlap as they contain different cultures ranging from micro to macro scale.

Edward T. Hall (1959) defines culture as the way of life. He defines culture as the sum of their learned behavioural patterns, attitudes and material things. In his view, we become aware of our culture when we are exposed to a different one (Nishimura, Nevgi and Tella, n.d.). On the other hand, professor Geert Hofstede defines culture as “programming of the human mind by which one group of people distinguishes itself from another group”. He claims that culture is always a collective and shared phenomenon in which we learn our environment. Hofstede’s theory aims at explaining the cultural differences through six dimensions that we will be talking about in detail further.

Iceberg Model, introduced by a famous anthropologist Edward T. Hall, is one of the most popular analogies for culture (Beyond Culture, 1976). This model shows culture as a two part system. First, the visible tip of the iceberg and second, the invisible body. The first part, the visible tip tells us the actual behaviour and beliefs that are visible and can be observed. However, the second layer consists of deeper values and thought patterns which affect our visible behaviour. It was believed by Hall that one can discover these hidden values of a culture only by monitoring the visible behaviour (Sakkinen, 2010).

Geert Hofstede developed a ‘culture onion’, a refined version of Hall’s Iceberg model, to describe and compare different cultures. According to the culture onion model, culture can be seen as an onion as it has multiple layers to it. When we look at the onion from the outside, we need to work gradually our way to understand each layer

to get to the core. Therefore, to understand culture, we need to understand each of its characteristics.

According to the culture onion model, cultural differences can be described in the following ways:

- **Symbols:** Symbols are described as the outermost layer of the culture onion. Symbols refer to items such as eating habits, foods, gestures, or colours which hold a specific meaning to it. For example, by symbols, we might think of the logo of a company. People have deep emotional attachments to these symbols.
- **Heroes:** Heroes is the next layer after symbols. They refer to the people who show high prized behaviours such as their national spirit or sets an example for others. These heroes can be real, imaginary, deceased, or alive. In some cultures, this layer can also be described as 'anti-hero' which can be an example of who not to be, or what not to do. (Hofstede, Hofstede & Minkov 2010)
- **Rituals:** Rituals is the third layer of the culture onion. These rituals refer to the habitual or regular events, or collective activities which shape an individual's unconscious mind. For example, in India, it is a ritual for Indians to greet others by folding their hands together with 'Namaste'. These rituals exist in societies for example, celebrating Thanksgiving, Independence Day, and in organisations for example meetings, practices.
- **Values:** Values are defined as the core of the culture. They refer to the broad preferences and tell individuals what is considered as important in life. These values are usually conveyed through the environment at an early age in which individuals grow up. For example, parents and teachers teaching what is right or wrong.

In the culture onion model, values are defined as the core of the culture, surrounded by three layers. These three layers can be seen, felt, heard, tasted, or even smelled. By paying attention to these small practices, a non-member can observe them. On the other hand, values cannot be directly seen or observed by an outsider as they are not visible. Therefore, it can be difficult to describe and discuss what values are learned by an individual. This collective programming is what is meant by culture onion. These

values, rituals, heroes, or symbols are however, not the same or fixed for each individual in any particular culture. You would definitely share a bond if you understand or accept these layers. Additionally, you might have totally different values and yet be a part of the culture.

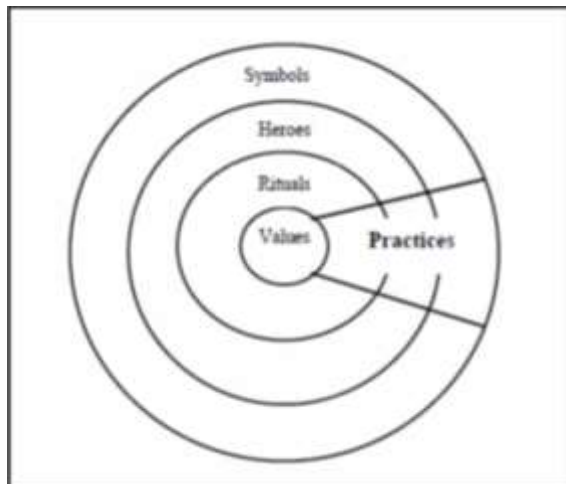


Figure 1: Onion Diagram

In the next section, I will be categorizing culture. First, I will be discussing national cultures and organisational cultures in general. I will then talk about these cultures through different frameworks in more detail. Finally, I will briefly talk about cultural stereotyping.

## 2.2. Tools for analysing National Culture

According to Hofstede Insights (2019), “National culture refers to the programming of the human mind by which the people of one nation distinguish themselves from the people of another nation” (Insights, 2019).

In the next section, we will be looking at classification of national culture through Edward T. Hall’s high and low text cultures, Hofstede’s cultural dimensions, and lastly, monochronic and polychronic cultures.

### 2.2.1. High and low context cultures

In order to understand the basic differences in communication styles and cultural issues, anthropologist Edward T. Hall proposed the categorisation of cultures into high and low context cultures. In this framework, he argues that “all cultures can be situated in relation to one another through the styles in which they communicate” (Beyond

Culture, 1976). Since Hall's first concept of culture approaches to communication, he defines the high context communication and low context communication as follows:

"A high context (HC) communication or message is one in which most of the information is already in the person, while very little is in the coded, explicit, transmitted part of the message."

"[In low context (LC) communication] the mass of the information is vested in the explicit code."

This tells us that a low context message has more information than a high context message. He says that in high context culture, the internal meaning is usually immersed deeply in the information one is talking about. Therefore, not everything is explicitly stated to the listener. It is expected by the listener to be able to understand what is being unsaid. He also says that in an HC culture, people speak in a linear way which means one after the other. Therefore, the speaker is rarely interrupted. On the other hand, in a low context communication, the meaning of what the speaker is speaking, is explicitly stated and if something remains unclear, then explanations are expected. In a low context communication, words are open, direct and based on true feelings and intentions (Gudykunst & Ting-Toomey, 1988).

Although India is considered to be a high context culture, it is not mentioned in figure 2 (High context - Low context cultures) below. The communication of Indians may not be straightforward to understand by many cultures from the west. Different relationships also determine how people interact with each other. Indian men or elderly people may pat others on their back as a sign of friendship or giving blessing. However, women are best when they just fold hands and greet Namaste. Some gestures such as waving hands (which means 'hi') in the western culture, may be misinterpreted by some in India. For example, this may mean the sign of saying 'No' or refusal to do something. Since the communication style is usually indirect, if Indians say 'I will try' this can be interpreted as saying No. At times, Indian people are not direct. They could keep hunting behind the bush and simply cannot say 'No' or refuse to offer something to someone who needs help. On the other hand, people sometimes go extremely out of their way to help others as they believe in 'Karma', Do good and good would return to you someday.

Finland is a low-context cultural country when compared to India. However, if we compare Finland to for example, German speaking countries like Austria, Switzerland, and Germany, Finland would actually be considered to be a high- context cultural country. Therefore, it is quite challenging to accept Hofstede cultural dimensions fully and exactly to his personal understanding.



Figure 2: (Hofstede, 2010)

### 2.2.2. Hofstede's cultural dimensions

Hofstede initiated and led the human resource research department of IBM Europe. Therefore, he was able to access the data that served as the factual, and empirical foundation for his cultural dimension theory (Hofstede, 2010; Agodzo, 2014). Hofstede's cultural dimension was primarily subjected to IBM employees and conducted on 88,000 respondents, in 20 languages from 66 countries (Hofstede, 2011; Sivasubramanian, 2016). Initially, Hofstede proposed four cultural dimensions such as power distance, masculinity vs. feminism, individualism vs. collectivism, and uncertainty avoidance. Later, fifth and sixth dimensions were introduced by Hofstede which are long-term orientation, and indulgence vs. restraint respectively (Hofstede, 2011). Geert Hofstede's cultural dimensions would help us to consider in-depth cultural differences between India and Finland. Moreover, we will be able to unfold the valuable dynamics of both the cultures. Hofstede's studies of the year 2010, and 2011 are the supplements and additions to his original study in the year 1980.

The following table gives us an overview of the cultural dimensions scores and ranks of Finland and India and Appendix A compares the cultural dimension scores among Finland, India, and America.

*Table 1: Comparison of cultural dimension scores on India and Finland*

CULTURAL DIMENSIONS	INDIA	RANK	FINLAND	RANK
Power distance index (PDI)	77	17-18	33	68
Individualism vs. Collectivism (IDV)	48	33	63	22
Masculinity vs. Femininity (MAS)	56	28-29	26	68
Uncertainty avoidance index (UAI)	40	66	59	50-51
Long term vs. Short term orientation (LTO)	51	40-41	38	51-54
Indulgence vs. Restraint (IVR)	26	73	57	27-29

*(Source: Hofstede, 2010)*

The above table explains the score and rank of India and Finland under Hofstede's cultural dimensions. The score and the ranking is in specific reference with Power distance index (PDI), Individualism, Masculinity (MAS), Uncertainty avoidance index (UAI), Long term orientation (LTO), and Indulgence (IVR).

#### **(i) Power Distance (PDI)**

Hofstede defines power distance as “the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally” (Hofstede, 2011).

Cultures having low power distance are expected to be less authoritarian. People perceive themselves as equal rather than being higher or lower in hierarchy. On the other hand, cultures having higher power distance expect their leader to have and manifest their authority. In these cultures, it is accepted that individuals placed higher in hierarchy, enjoy higher respect.

When comparing the power distance (PDI) between India and Finland from Table 1, we see that India scores 77 and ranks between 17-18. Whereas, Finland scores only 33 and ranks 68 in the world (Hofstede, 2010). The difference in the PDI between Finland and India is 44 which is the highest when compared to the other dimensions. Moreover, if we compare the PDI of India and Finland with America, we see that the

difference between American PDI and Finnish PDI is surprisingly only 7. Whereas the difference in PDI of India and America is 47. It is therefore observable and very conspicuous that India has a thick hierarchical working environment when compared to Finland as well as America. Power is unequally distributed in high power index countries like India and is based on relationships (Hofstede, 2010)

Appendix B shows ten differences between small PDI cultures and large PDI cultures.

## **(ii) Individualism (IDV)/ Collectivism**

Hofstede defines Individualism and Collectivism as follows:

Individualism: "Societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family."

Collectivism: "Societies in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people's lifetimes continue to protect them in exchange for unquestioning loyalty."

In the IBM survey conducted by Hofstede, he found that people from individualistic cultures choose to wish personal time, freedom, and challenge as the most necessary and important aspects of their work. They like to stand up for themselves and choose their own affiliations (Boopathi, 2014). However, members from more collectivistic culture preferred to have more training opportunities, physical working conditions and used their skills on the job.

From Table 1, we see that Finland scores 63 and ranks 22 in individualism which is quite high. On the other hand, India scores 48 and ranks 33 which is considered more towards the collectivistic culture (Hofstede, 2010). The difference between Individualism and collectivism between Finland and India is just 15. Therefore, we conclude that Indian working culture prefers more training opportunities and Finland's working culture likes to stand up for themselves and enjoy freedom. However, the difference is not too high.

Additionally, when we compare Finland with America, the difference between Individualism and Collectivism is 28 which is quite high when compared to the



difference between India and Finland (Hofstede insight). Therefore, we can also say that Finland is a more collectivistic culture if compared to that of American culture.

Appendix C shows ten differences between individualism and collectivism.

### **(iii) Masculinity (MAS)/Feminism**

Hofstede defined masculine society as “emotional gender roles are clearly distinct: men are supposed to be assertive, tough and focused on material success, whereas women are supposed to be more modest, tender and concerned with the quality of life.” In plain words, men in India are expected to do well in their career, earn well for the family, make decisions both at work and at home, and must show positive results from their decision making.

He defines feminine society as “emotional gender roles overlap: both men and women are supposed to be modest, tender and concerned with quality of life.”

This dimension deals with the distribution of emotional roles between the two genders within a culture (Hofstede, Hofstede & Minkov 2010). In the masculine culture, men are emphasized as being more assertive, tough, focused on material success. In addition to that, they are focused on competitiveness, assertiveness, materialism, ambition and power (Hofstede, Hofstede & Minkov 2010). On the other hand, feminine culture places tend to value relationships, where men and women have the same modesty and caring values (Hofstede, 2011).

Hofstede’s scores on comparing masculinity and feminism in India reveals that India scores 65 and ranks between 28-29 which is high on masculinity. However, Finland scores 26 and ranks 68 which is considered to be a feminine culture. The difference between Masculinity and Feminism between India and Finland is the second highest with the score of 36 when compared to other dimensions. Therefore, according to these scores, we learn that Indian culture is more assertive, competitive, and materialistic as compared to Finland. However, when Masculinity and Feminism is compared between India and the USA, America scored 62 whereas India scored 56 and the difference is surprisingly only 6. Therefore, there are countries like America which have higher scores in Masculinity and Feminism than India.

Appendix D shows ten differences between Masculinity and feminism.

#### **(iv) Uncertainty Avoidance Index (UAI)**

Hofstede defined UAI as “the extent to which the members of a culture feel threatened by ambiguous or unknown situations.”

This dimension talks about a society’s uncertainty and ambiguity tolerance. The UAI cultures programs its members to feel either comfortable or uncomfortable in an ambiguous situation (Hofstede, 2011:10)

In the UAI dimension, India scores 40 and ranks 66 which is considered to be weak in uncertainty avoidance. On the other hand, Finland scores 59 and ranks 50-51 which is high uncertainty avoidance. The difference between India and Finland’s UAI score is 19. This shows that Finland is more comfortable, and ready to face ambiguous situations as compared to India (Hofstede, 2010)

Appendix E shows ten differences between strong and weak uncertainty avoidance societies.

#### **(v) Long term orientation (LTO) / Short term orientation**

Long term orientation: The fostering of virtues oriented towards future rewards- in particular perseverance and thrift.

Short term orientation: The fostering of virtues related to the past and present- in particular, respect for tradition, preservation of “face” and fulfilling social obligations. For example, in India the educational fee is paid by the parents unlike in Finland where the education system is run by the state. In India, education is considered a long term plan and is considered most important to have better job prospects & good career. However, in Finland, hobbies are given equal importance for the upbringing of children rather than rigid educational plans to be able to find a job someday. In Finland, students live one day at a time and take life events as a learning process in comparison to Indian students who start to plan their career already when studying in middle school because the society is built on a cut throat competition. Long term orientation societies award and give more significance to the future and fosters practical values oriented towards rewards, including persistence (Hofstede, 2011). On the other hand, short term oriented societies are more concerned towards fostering virtues in relation to the past and present, fulfilling social obligations and respecting tradition (Hofstede, Hofstede & Minkov, 2010; Hofstede, 2011)

While comparing the LTO and STO between India and Finland, it is revealed that India scores 51 and ranks 40-41 which is high on LTO. However, Finland scores 38 and ranks between 51-54 which is considered to be a STO society. From this, we conclude that LTO culture like India believes in the events that will occur in the future and Finland believes in events that took place in the past or take place currently (Hofstede, 2010). However, the difference between India and Finland's LTO and STO is 13 which is not very high when compared to India and America's LTO and STO with the difference of 25.

Appendix F shows ten differences between LTO and STO societies.

#### **(vi) Indulgence vs Restraint (IVR)**

"Indulgence stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun" (Hofstede 2011). "Restraint stands for a society that controls gratification of needs and regulates it by means of strict social norms" (Hofstede 2011).

The comparison between Indulgence and Restraint between Finland and India reveals that India scores 26 and ranks 73 which is considered to be a restraint society. On the other hand, Finland scores 57 and ranks between 27-29 which is considered to be an Indulgent society. This reveals that Finnish society can freely fulfil their basic needs without strict social norms. However, in restraint societies like India have strict norms, are suppressed and regulated because the difference is quite high with the score of 31 (Hofstede, 2011; Boopathi, 2014). However, when Indulgence and Restraint is compared between Finland and America, the difference is only 11.

From the above discussed scores, we clearly observe that PDI in India is a very significant issue with the highest difference of 44. Perhaps, it is even more significant than Individualism and collectivism with the difference of 15. We also observe that Finland has the lowest score of 26 in Masculinity and Feminism. Finland follows a highly feminine culture which values relationships and both the genders have the same caring values. Additionally, with the score difference of 31, we learn that India regulates gratification of needs by strict social norms.

These scores vary between countries because Hofstede's cultural dimensions give an implicit view when comparing countries and it is crucial to keep in mind that these scores are not always absolute, but are always taken into comparison.

Appendix G shows ten differences between Indulgent and Restrained Societies

### **2.2.3. Monochronic and polychronic cultures**

Edward T. Hall's second cultural framework deals with how people perceive time. In this framework, there are two contrasting categories which are: monochronic and polychronic.

After reading more about monochronic (M-time) and polychronic time (P-time), I learned that people on the polychronic time side of the field do things simultaneously whereas people on the monochronic side do things sequentially. People on the monochronic side may experience stress if the sequence is altered.

M timers are largely more organized and value organization management, schedules, and promptness. They focus on tasks and procedures. On the other hand, P timers largely go with the flow. They value management of relationships, have a mental structure of their day, and focus more on relationships. However, this might not always be constant. In different areas of life, people tend to use different styles according to the situation. These two styles may come in conflict when home intrude with work or vice versa.

Appendix H demonstrates the differences between monochronic and polychronic people.

### **2.2.4. Lewis Model**

The Lewis Model was developed in the 1990s and was persuasive in Richard Lewis's book *When Cultures Collide* (1996). Lewis concluded that humans can be divided into three categories based on behaviour which are- linear active, multi-active, and reactive (Red Tangerine, n.d.).

#### **(i) Linear-active cultures**

Lewis described people with linear-active behaviours are more task-oriented, and highly organised planners who prefer to do one task at a time and get things done in a proper manner. Their mindset is very systematic and are highly committed towards

rules and regulations, time schedules, planning, logics and facts. Their culture is straight forward, and their mindset is very goal oriented. For linear-active cultures, logic and absolute truth are the most important factors. For eg. in Finland schooling system is linear based. Students are mostly rule abiding, taught from the very beginning about fact checks and work-life balance helps them to focus on doing one thing at a time rather than multitasking.

### **(ii) Multi-active cultures**

People belonging to multi-active cultures are more emotional, chatty, and impulsive whose priority are family and relationships. They are more comfortable in doing multiple tasks simultaneously. These people are not very systematic, however, are very flexible and are used to altering circumstances. They are more people-oriented and do not really concentrate on facts and figures. For eg. In India students are almost forced to attend long school days, study 8 different subjects in a day, do homework at home and if some subject is hard to understand, they need to arrange extra tuition and pay fee for it after school hours.

### **(iii) Reactive cultures**

People belonging to reactive cultures are polite, attentive listeners and do not always initiate discussions. They do not always react but form their own opinions. Additionally, they are harmonious and avoid embarrassment to themselves and others. They are more polite and indirect when speaking which means they are more diplomatic in nature. In reactive culture, non-verbal communication holds an essential position.

Appendix I lists some characteristics of these three cultures.

## **2.3. Organisational culture**

Organizational culture is “the set of shared values and norms that controls organizational members’ interaction with each other and with suppliers, customers, and other people outside the organization” (Jones, 2009). Additionally, Gareth Jones presents organizational culture as a strong force as it “controls coordination and motivation”. Besides, Hofstede’s Insights defines organizational culture as “the way in which members of an organization relate to each other, their work, and the outside world in comparison to other organizations”.

For example in India, the senior most colleague (manager) could be invited home for dinner by the junior to celebrate together an occasion, a wedding or festivals in order to bond, to have better relations and understanding between the two colleagues. On the other hand, a Finnish colleague would rather meet outside in a restaurant or a bar to have a few drinks together in a group of colleagues to enjoy nice evening time after the office hours. It is rare that a Finnish colleague would invite his / her manager home for celebrating festivals.

According to Richard L. Daft (2007), social capital refers to “the quality of interactions among people and whether they share a common perspective.” Social capital unifies people, based on honesty, trust and respects which further facilitates cooperation and synergy so that the members of the organization can work effectively. (Mulder, 2017) Richard Gesteland research approaches to understand different cultures and how one can best understand the other culture. With keeping business in focus, he developed four dimensions of organizational culture:

#### **(i) Deal-focused (DF) vs. Relationship-focused (RF)**

According to Richard Gesteland, the business deal-focused are very task oriented and do not have much difficulty in communicating with foreign cultures. For them, the goals matter the most and getting things done is the priority. On the other hand, relationship-focused people are more people-oriented. Their mindset is that the business should be done by first building business relationships. There are chances where conflicts can be caused between these two different types of people. For relationship-focused people, the directness and straightforward mindset of the deal-focused people feels offensive. Whereas deal-focused people see relationship-focused people as vague, indecisive, unreliable and incomprehensible.

To understand this point better, it is important for Finnish managers to keep in mind that solely signing documents of a deal and a firm handshake is not enough in India to do successful business. It is utmost important to make a long term connection with Indian management to have solid relationships to keep lifelong business union. It is suggested to build gradual trust to avoid getting sleepless nights for a European manager. Two parties who understand and respect each other's business cultures, styles and chemistry can only lead to great successful partnership. Exchanging gifts among management, managers and bosses are welcomed to some extent during

Diwali or Christmas (festivals). Keep in mind, it is not considered a bribe rather good etiquette.

### **(ii) Informal vs. Formal**

In formal cultures, respectful and honourable communication styles are highly preferred by the people. Hierarchy plays an important role in formal cultures. Status and hierarchical positions are considered very important and people are treated and valued according to the same. In informal cultures, everybody is treated equally and is considered to have a chance to advance and are highly egalitarian. They do not value status or hierarchy. Conflicts can occur between these cultures when for example an informal culture gets too friendly with a person with formal culture. For instance in India, it is absolutely mandatory to refer to your senior manager as, 'Sir' or 'Madam'. A junior employee of a company in no circumstance approaches the CEO or CFO of the company directly or without his supervisor's permission. Supervisor can then decide if there is a need for this employee to see the CEO at all. However, in Finland any employee could speak directly to any of the seniors in the company and simply call them by their first name. Its flat hierarchy and therefore, CEO and CFOs are considered as equal as any other employees of the organisation.

### **(iii) Rigid culture vs. fluid culture**

Rigid cultures strictly follow schedules and want everything to go with great accuracy and clarity. For them, missing deadlines, meetings and arriving late anywhere inconceivable. For people of fluid culture, interpersonal relationships have more priority to time, deadlines, and schedules. Conflicts between these two cultures on time is often difficult to solve. If time overruns the schedule, it might undermine trust between the two cultures.

In Finnish culture, people value timetables a lot. The entire country runs according to the time table. Be it transportation, opening hours of shops, and even holidays are decided keeping time tables and schedules in organisations. Finns do not appreciate those who do not follow schedules and who do not value others time. However, in India, longer office hours spent doing something and looking busy are appreciated by the supervisors. Managers believe in doing projects at their own pace. It's observed that the meetings could easily start half an hour later than planned as there's no hurry to deliver on time. Work is slow, personnel are aware and fine with this working pattern.

#### **(iv) Expressive vs. Reserved cultures**

The main difference between expressive cultures and rigid cultures is that rigid culture's way of communication is inhibited and speaks more calmly. Whereas expressive culture's way of communication uses quantity of words, expressions, and volumes.

Richard Gesteland divided the most important countries in eight groups to distinguish between the cultures based on the above-mentioned dimensions. I will mention the groups where India and Finland lie.

India lies under group 1 along with different Asian countries such as Vietnam and Indonesia. These countries are relationship-focused, formal in interacting, and fluid in time. On the other hand, Finland lies under group 7 along with Great Britain, Denmark and different Western countries. These countries are said to be more deal-focused, formal in interacting and rigid when it comes to time. These cultural dimensions provide insight about similarities and differences between different countries. A company of one country should keep in mind the culture of the other country in case of business (Mulder, 2017).

It is common in India to describe a topic, happening, incident in detail. People generally are very expressive when discussing day to day life and this can be seen at work place too. Exaggeration is delivered and accepted with no complaint but understood by both parties. To a contrast, Finns are people of fewer words and therefore long explanations are considered stories, are neither encouraged nor taken too seriously in Finnish work culture. One can easily scare away a Finnish colleague with rally talks as Finns say what they mean and they mean what they say.

#### **2.3.1. Four organizational culture types**

Bruce M. Tharp introduced four organizational types. He classified organizational culture into four types which are the motives and focus in each model. (Tharp, 2015)

##### **(i) Collaborate (Clan) Culture**

Collaborate culture as Tharp describes is "an open and friendly place to work where people share a lot of themselves. It is like an extended family." Collaborate culture



values relationships over competition. They focus on long-term human resource development and give importance to group bonds rather than individual heroism.

In the case of Finland and India, it is clear that Finnish culture is more of a collaborative culture as the Indian employees are more driven by money, power and titles in their organizations. Moreover, we learned from Hofstede's cultural dimensions scores of Masculinity and Feminism, Indian culture is more assertive, competitive, and materialistic when compared to Finland. In India, there are no social welfare systems therefore, these titles give them social status to the employees in India which makes the 'individual heroism' important to the Indian employees (Mäki and Soudakova, n.d.).

## **(ii) Create (Adhocracy) Culture**

This culture embraces and values individual thoughts and creativeness. The leaders and employees belonging to this culture appreciate risk-taking processes and innovation. Additionally, individuals are provided with a high level of freedom. Their long-term goals are to grow and reach the edge, they have a competitive spirit.

As we learned about Finnish employees' motivation from collaborative culture, we can conclude that Finnish employees enjoy their freedom and are more motivated by the offered tasks. They prefer to have challenging roles in their work rather than a monotonous long-term source of income in a form of job. Whereas in India, having a job is paramount for societal sake. After a certain age, men should absolutely have a job to earn money to be able to run the family. Job satisfaction and enthusiasm to search for an appropriate match takes a backseat when there are financial responsibilities on shoulder. It would be right to share the reason why this is the case with many Indians is because there is no social system (KELA) in India. Men are expected to have a job at a certain age to get married, support family, have enough finances for children's education, medical covers and even health/ life insurances. Everything is paid from one's pocket including the government taxes.

## **(iii) Control (Hierarchy) Culture**

There are numerous differences that exist between India and Finland such as Finnish support delegating leadership style whereas Indians prefer directing and coaching styles. Additionally, Finnish leaders are straightforward and show egalitarianism whereas Indian leaders behave like fathers of the family, inspiring their employees

(Boopathi, 2014). Boopathi argues that when we compare both these cultures based on Hofstede's cultural dimensions (2010), we observe that India has more masculine culture with high power distance and collectivistic culture. On the other hand, Finland has more of feministic culture with low power distance and individualistic culture.

Therefore, due to these cultural differences and dissimilar cultures, the attitudes and behaviour of Finnish employees and leaders may differ from Indian attitudes and working behaviours. Finnish organisations have widely accepted open door policy as part of their work culture. It means every supervisor's and manager's door is open to every employee. The purpose is to encourage genuine and clear communication, feedback, and discussion about any matter of importance to an employee. Employees can take their workplace concerns, questions, or suggestions with senior management without worrying of being judged. It is the manager's responsibility and part of his / her duties to listen to the team members and should always be ready to discuss important subjects like training ideas. Individual growth plans and even concerns about the workplace harassment. managers ought to take actions on these matters as soon as possible.

Whereas in India, the manager's door could have a sign hanging, 'Knock the door if it's really important' (Look inside 'open-door' policies. Katti Gray, June 9.2010). Employees are discouraged to contact managers right away. A lot of times, employees do not even know their work rights due to multi-layered thick hierarchy within the organisations depending on the size or might not be even aware of what channels to access when in need to have more information or need to give feedback regarding their projects. This delay of relaying information, growth plans, expectations and needs to the relevant managers could be a daunting task for the middle level employees in many Indian organisations.

This culture is highly formal and structured. It is a rule-based working place with high standards, bound with formal policies. Their long-term goals are "stability, performance, and efficient operations".

We learn from Hofstede's cultural dimension scores of the PDI, organizations in India follow a strict hierarchical leadership style and it is not considered polite or courteous to argue with the leader/ manager or confront them. On the other hand, Finland follows a more linear culture, the employees have immense respect towards their manager

but certainly they are not afraid to confront them or challenge their ideas at work. However, managers in India would not directly ask their employees for their opinions and suggestions. They always follow a pattern where employees can put forward their viewpoints. For example, a Finnish manager would ask for feedback, opinions, and suggestions from other junior employees without any hesitation or fear of his title or position in the company. Whereas this could never be followed by an Indian manager due to the power of his/ her title.

#### **(iv) Compete (Market) Culture**

People belonging to this culture are highly competitive and goal oriented. This culture always seeks better performance and results. Their binding force is winning, and their success is regulated by measurable long-term goals and targets for instance, market share and penetration.

In the next section, I will briefly talk about National culture's effect on Organizational culture introduced by Daft (1998). There are three dimensions introduced by Daft, however, only one of them is explained below due its appropriate relevance to this thesis:

#### **(i) Centralized Coordination**

In a centralized coordination, the decision-making structure is centralized and only the top managers have the authority to make decisions. This structure is often followed by countries with thick hierarchical structures. Decision making is practiced from top to bottom style and is accepted by all the personnel without raising any questions. Meetings are held to discuss the subject, suggestions and opinions are welcomed; however, the final word is from the top management.

As we have learned till now, India follows a strong hierarchical culture. The decision making is done by the top-level managers in India. The diplomacy behind the decision making itself is a process in process making and therefore decorum of status of higher positions in Indian organisations is never ruled out. It is not only difficult to oppose the decision made by an authoritative person but also it could destroy growth opportunities for the opposer in that organisation. It is a best practice to accept and keep mum in most cases.

## **2.4. Conflicts between the two cultures**

“Conflict is defined as an incompatibility of goals or values between two or more parties in a relationship, combined with attempts to control each other and antagonistic feelings toward each other” (Fisher, 1990)

We have learned now already that effective communication plays a crucial role in cross-cultural relationships. Poor communication can lead to misunderstandings which can lead to conflicts. It is important to communicate effectively as unresolved conflicts can have an impact on the culture of the organization and the performance of the employees. In addition to poor communication, Daniel Katz (1965) introduced three basic sources of conflicts which are economic conflicts, value conflicts and power conflicts. According to Daft (2007), there are four different sources of conflict within an organization: limited resources, differentiation, goal incompatibility and task interdependence. We will now look at these sources of conflicts in more detail:

### **(i) Economic Conflict**

Economic conflicts arise when both the parties have competitive incentives to attain and maximize their share of scarce resources. According to Daft (2007), this phenomenon is known as *limited resources* when groups are fighting over to maximize their gain on these limited resources such as money, materials, and workforces.

### **(ii) Value Conflict**

In a value conflict, both the parties have incompatible ways of perceiving how things should be done and what is the right ideology behind something. Their preferences and principles differ in how things are done. These conflicts arise when one party questions the other party's beliefs. This mainly happens when one party asserts the rightness of the political-economic system. According to Daft (2007) model of inter-organization value conflict, this is known as *differentiation* which is defined as “the differences in cognitive and emotional orientations among managers in different functional departments”. This tells us that it is important to have different working sectors within the organization which includes specific skills, personality traits, and educational backgrounds.

### **(iii) Power conflict**

Power conflicts happen when one or both the parties choose to dominate each other and take a power approach towards the relationship. This creates inequality between the two groups because one group has more influence than the other. In relation to power conflict, Daft's goal incompatibility tells us about the situation where the goals of both the parties are not similar and, in some cases, opposite because of which clashes arise between both the goals and may also inhibit other parties to achieve their goal.

According to Daft, there is a fourth characteristic known as task interdependence which tells us about the interdependency of one group to the other. When interdependency of one group increases, there is a need for coordination and communication which increase the possibility of conflicts. If one group fails to meet the expectations of the other group, conflicts may arise and which can lead to economic, value, or power conflicts.

## **2.5. Approach towards conflicts**

If conflicts are managed in the right manner, new solutions can be found which can be satisfactory to both the conflicting parties. These outcomes are more probable when both the parties are interdependent, that is when both the parties have some level of interdependence and influence on each other, and not only when one party is totally dependent on the other (Fisher, 1977).

Now I will discuss the win-lose approach by Blake, Shephard & Mouton (1964).

### **(i) Win-Lose Approach**

The win-lose approach is often taken by groups which believe in dominance and supremacy. These groups believe in "what one party gains, the other loses". This approach is often taken by groups in the power conflicts and they often win through dominance and voting. Also, there is always a distinction of 'we' and 'they'. In this intergroup conflict, one loses and one wins. Besides, one is always dissatisfied and is always fighting to win. However, both the parties lose more than what they gain (Fisher, 1977)

## **(ii) Lose-Lose Approach**

The main idea behind the lose-lose approach is to minimise losses. Both the parties make compromises on their parts so that both of them acquire something meaningful for them. This approach is usually done when economic conflicts arise and there is a lack of resources (Fisher, 1977)

## **(iii) Win-Win Approach**

As discussed above, the outcome of the first two approaches either benefit one party or none of them. However, the win-win approach maximizes each party's needs. It benefits the party more than what they could have achieved individually. In this approach, both the parties work together as a single entity and solve problems as their mutual goal. In this method, good coordination and communication is much needed to build healthy working relationships (Fisher, 1977).

The conflicts between the two cultures may occur as none of the cultures understand each others' position and stance. From Finns' point of view, they may consider Indians who do not take initiatives in their work. However, this could be the reason that Indians do not take initiatives as they are habituated to working in a hierarchical environment and taking orders. On the other hand, for Indians, Finns could be seen as non-friendly and antisocial as they do not usually take initiatives to talk. However, Finns do not consider themselves as rude or antisocial, they respect everybody's individuality and are direct and straightforward.

Additionally, it would not be absolutely wrong to accept that people are somewhat similar however, societies, cultures and their upbringing make them vary from each other. Needless to say, globalisation has bridged the gap between different cultures since Hofstede did his cultural studies. There was a time when too much of stereotype was observed, people were judgemental to other societies' people and it was time consuming for many cultures to improve their tarnished cultural image. However, now with the shrinking boundaries, the globe has become somewhat a smaller place. In the current world, people travel more, experience different cultures, study abroad, eat a variety of cuisines and travel distances to find better job opportunities. This would have not been possible without adapting to different cultures and accepting each other's differences.

The above empirical data is linked mostly with answering Research question 1, whereas the answers to Research question 2 are mostly given through an application of cultural dimensions to organizational characteristics given in the Literature Review.

## 2.6. Conceptual Framework

Working in a multicultural organization could be intimidating and is considered to be more challenging than working in a culturally homogeneous organization and environment. There are multiple theories developed for better understanding of other cultures and working environments. However, there are no specific methods to follow for sufficient and satisfactory results. It is most crucial for managers and employees to have knowledge of their own cultural background, secondly, be aware of cultural norms and have the understanding of specifics of other cultures through the knowledge of cultural dimensions such as understanding verbal and non-verbal communication. Next, workers should be able to understand the impact of culture on conflict and have the knowledge to prevent these conflicts. Lastly, it is important to understand the challenges and advantages within the organization in order to have a successful multicultural organization. Therefore, the following figure shows the main accomplishments that are required for a successful multicultural organization.



Figure 3: Successful multicultural organization model

## 2.7. Conclusion

To conclude, the main approaches to culture that have been introduced in this thesis are high context and low context cultures, Hofstede's cultural dimensions, and four organizational culture types which educates us about business management between Finland and India. These studies summarize the main differences between Finland and India such as the following:

<b>Finnish business culture</b>	<b>Indian Business culture</b>
Low context	High context
Individualistic	Collectivistic
Reserved	Expressive
Equality	Hierarchy
Feminine	Masculine
Informal	Formal

According to the literature studied and after analysing the data, we can conclude that there are various differences that exist between India and Finland such as Finnish support leadership style whereas Indians prefer directing and coaching styles.

We can analyse from literature review that India has more masculine culture with high power distance and collectivistic culture. On the other hand, Finland has more of feministic culture with low power distance and individualistic culture. However, the aim of my research questionnaire is to reach the core of the cultural subject and interview real people who have been working with mixed cultural teams to find out if the attitudes and behaviour of Finnish employees and leaders actually differ from Indian attitudes in the practical working world?



### **3. METHODOLOGY**

#### **3.1. Research methods**

This thesis mainly focuses on wide research on culture through secondary data sources. The conceptual nature of this thesis requires in-depth analysis of the theories, through extensive research and well-defined explanations of those theories to present the reader with adequate insight into the cross-cultural conflicts. The main reason to focus primarily on secondary data research is because of the difficulty in quantifying the idea of culture. However, in my thesis, there is an attempt to conduct an interview with 3 Finnish managers and 3 Indian employees who have worked in India and Finland respectively, and tried to find out if and how they have experienced any kind of cultural conflicts with their Indian colleagues and vice versa. This would help me gather some primary data that would support my thesis paper, would help me keep the summary and outcome simple to understand, and would let me find out in depth how exactly cross-cultural conflicts occur.

#### **3.2. Sample selection**

The participants were recruited based on personal contact, through email and were asked to participate in the interview through Skype. The age range of the participants is between 30-40 years and with average working experience of 8-12 years. The gender of the interviewees is 2 Finnish females, 1 Finnish male and 2 Indian males, 1 Indian female. In my opinion, designing an interview to collect feedback from real employees with open-ended questions would influence the type of answers I receive and the insights. The big positive of an open-ended questionnaire is that I do not place any limits on the response. Meaning, my respondents can tell me anything they feel is relevant and want me to know in a bit more detail. Open ended questions not only offer respondents room to express themselves freely, but also some respondents could surprise me with their eloquence and creativity as the process gives liberty to convey their feedback and ideas in their own voices. Respondents may enjoy the freedom to tell exactly what they think, and they do not want my interview questions to feel like an essay assignment. Therefore, I planned each interview to last between 30-45 minutes.

As mentioned earlier, a total of six interviews took place: 3 Finnish employees and 3 Indian employees. All the interviews were conducted in English and five interviewees

worked with Finnish airlines- Finnair. On the other hand, one of the respondents worked in India for a total of 6-7 years and for 2 years for the company, Volvo. More information on the interviews can be found in the following table:

<b>Interview</b>	<b>Date of interview</b>	<b>Duration</b>	<b>Media</b>	<b>Nationality</b>	<b>Job category of interviewee</b>	<b>Country Experience</b>
I1	March 3, 2021	30 min	Skype	Indian	Purser, Cabin Crew	Finland and India
I2	March 2, 2021	25 min	Skype	Indian	Senior Cabin Crew	Finland and India
I3	March 2, 2021	27 min	Skype	Indian	Flight Stewardess	Finland and India
F1	March 3, 2021	23 min	Skype	Finnish	Process manager	Finland and India
F2	March 1, 2021	31 min	Skype	Finnish	Inflight Experience	Finland and India
F3	March 5, 2021	30 min	Skype	Finnish	Purser	Finland and India

*Table 1: Interview and interviewee information*

### **3.3. Data collection**

The participants were informed and were well aware that the discussion would be recorded to enhance and intensify the data analysis. Before the discussion, warm-up conversation was held to make the interviewee comfortable with the moderator after which demographic questions such as name, age, occupation were asked. After that, the purpose and the length of the interview was explained.

There were two sets of interview questions, one for Indian employees and the other for Finnish employees. Both the sets were totally similar; however, they were adjusted according to their respective nationalities. There were a total of 7 questions, additional interview specific questions were asked wherever looked & felt useful. The questions were focused on the relation of Hofstede's cultural dimensions as explained in the literature review. The primary focus of the interview was to find out how the interviewees' experience has been working with Indian/Finnish employees and if they faced any conflicting situations due to cross-cultural differences.

All the interview questions can be found under Appendix J. Additionally, due to confidentiality (GDPR) reasons, full transcripts of the interview are not provided.

## **4. DATA ANALYSIS AND FINDINGS**

This part of the thesis displays findings from the interviews. The responses of the participants have been divided into themes in which each theme contains different or common views of the interviewees.

### **4.1. Data analysis**

Both the Finnish and the Indian interviewees took an average of 27 minutes per interview. The answers from the participants were translated word to word with their names coded as 'Ix' or 'Fx', which are abbreviated as 'Indian x' or 'Finnish x' where x is the number of the participants which are distributed randomly. To ensure the confidentiality of the participants, the following section uses these abbreviations.

### **4.2. Experiences with cross-cultural employees**

When asked about how the interviewees' experiences and what positive things about working with Finnish/Indian employees have been, it is observed that their experiences with Finnish employees for all the Indian interviewees have been really nice. The

Indian employees mentioned that working with Finnish management system has been extremely pleasant and very friendly. They felt that the communication with Finnish employees has been incredibly easy, encouraging, and professional.

*“I have been working with Finnish colleagues and managers for almost 14 years. My experience so far is very pleasant. The most positive thing is that Finnish Managers are immensely professional, they say what they mean and mean what they say. Finnish managers never take undue advantage of their position in any situation. They treat their fellow employees with equal respect.” (I1)*

*“Absolutely evolving & amazing experience to have worked with Finnish colleagues. 13 years of soulful experience with Finnair. The most positive thing about Finnish colleagues is, they have a lovely work culture which involves, space for two way open & frank, crystal clear, encouraging, and friendly communication.” (I3)*

Similarly, the two of the Finnish interviewees mentioned that their experience has been very co-operative and easy with Indian employees. However, one of the Finnish interviewees (F1) stressed upon that he personally did not appreciate the core values of Indian management system as he felt the number of times that whatever Indian managers say or do is welcomed as most important by the junior employees. Nevertheless, he emphasised that working with Indian employees has been a great and memorable experience for him.

*“I have been working with Indian employees for over 15 years and mostly with male employees. As colleagues they are generally very proactive, social and easy to co-operate with. There haven’t normally been any language or communication barriers with them as they speak good English.” (F3)*

*“Working with Indian managers from my experience has not really been too good. However, working with Indian employees has been perfect! I have been associated and worked approximately 6-8 years with Indian companies and Indian employees. They deliver with responsibility and do precisely what needs to be done.” (F1)*

*“In my opinion, Indian people are open minded and easy to approach. They are loyal towards the company and their manager. Constructing personal connection with their manager is absolutely essential to them.” (F2)*

From the above-mentioned answers, we observe that for both, the Finnish and Indian employees, the experiences have been professional and cooperative. However, as mentioned above, one of the Finnish interviewees (F1) did not really enjoy Indian management system while working in India. On the other hand, none of the other interviewees felt the same way. This possibly could be because of working under Finnish management system due to which no other interviewee had bad experiences.

#### **4.3. Experiencing stereotypes towards other culture**

When asked about having stereotypes before working with Finnish employees, two of the three Indian interviewees admitted that they had stereotypes towards Finnish employees. They voiced their thoughts that the Finnish employees would not be very easy to approach and would follow the rules by the book. However, one of the interviewees did not hold any stereotypes towards the Finnish culture.

*“Yes, before joining Finnair, I thought Finnish colleagues would be stern, non empathetic and not very friendly people. However, when I started to work with them, I found my Finnish colleagues are very pleasant people full of compassion and humanity and above all thorough professionals.” (I3)*

*“Yes, I had thought that Finnish people just follow rules by the book and are not very flexible in their day to day work approach.” (I2)*

*“I did not have any stereotypes towards their culture but had few observations that they really appreciate personal space, they are quite straightforward and honest.” (I1)*

On the other hand, when asked if either of the Finnish interviewees had stereotypes before working with their counter culture colleagues, it was observed that none of the Finnish employees had any stereotypes regarding Indians as they had been studying, reading about different cultures and had been working long in a multicultural environment. They believe and want to give their colleagues a chance to show their own individual personalities.

*“I didn’t have any experience with Indian people before my first flights to India in 2007. I did not have any stereotypes in my mind, rather neutral as all the Asian cultures were new to me, and the approach was very open-minded.” (F2)*

*“I have been working in a multicultural working environment and tried to avoid stereotyping different cultures. I rather try to give everyone a chance to show his/her own personality despite the possible generalisations about different nationalities.” (F3)*

From the above-mentioned responses, we observe that Finnish culture is seen to be more open-minded and accommodating when compared to the Indian culture. However, even when the Indian interviewees had stereotypes in their mind, they were eventually proved wrong. They experienced and felt that Finnish people are very friendly and easy to approach even if they do not talk a lot.

#### **4.4. Cultural training**

My respondents were asked if they received any cultural training from their organisation before or during their job period when working with different cultures. It was noticed, all of the Indian interviewees were given some cultural training as they

did not have prior experience of working in a multicultural environment. It is also observed that once they received the cultural training, it was much helpful and easier for them to adapt to the Finnish culture and they learned some basic Finnish words and phrases.

*“We were introduced to the Finnish culture when we started working for the organisation during our initial training course. The length of topics was good enough to understand the similarities and differences between ours and their cultures. We were often told about Finnish culture every now and then in different topics of service concepts and customer service and how differently they might act upon some situations.” (I1)*

*“We were given a few pages of Finnish words for day-to-day use, and training about Finnish culture, lifestyle, and how climate affects the people and their understanding, which of course was a good help in the beginning of my job.” (I3)*

However, on the contrary, none of the Finnish interviewees were given any cultural training. It is observed from their responses that they have already studied cultural differences during their school days, bachelor's or master's studies. They talked to Indian employees and studied several books on their own to understand the Indian culture.

*“Before I started the managerial position, I read several books about Indian culture and religions. I learned about Hofstede's insights, but the best learning outcome was when I talked to my Indian team members.” (F2)*

*“There was no particular training given to us. However, I have been studying intercultural communication skills and international leadership as a part of my master and bachelor's studies in Finland and abroad. I have also been voluntarily participating in a few half-day working seminars about cultural differences.” (F3)*

From the above-mentioned responses, we observe that, In Finland the cultural education starts at an early age. The reasons could be because Finland is located in an extreme north on the globe, it has very less population and the Finnish language is not widely spoken around the world. It was the need for the Finns to know and understand other cultures and languages to be able to do work, businesses, import and export. Whereas Indians were given cultural training to get some exposure before starting an International career. In India, they have their own hundreds of religions, languages and cultures within societies that they barely get time to read and understand international cultures and people behaviour.

#### **4.5. Conflicting situations and communication challenges**

It was interesting to observe when asked about facing conflicting situations and communication challenges between the two cultures. Two of the three Indian interviewees faced conflicting situations where there were some communication challenges. One of the challenges was that non-verbal communication is understood differently in both the different cultures. For example, in the Indian culture, nodding one's head means 'ok' whereas in the Finnish culture, visual nodding is clearly interpreted as 'yes' or 'no'. Another challenge faced by the Indian interviewees in the beginning was that they always greeted their Indian passengers by referring to them as 'Sir and Madam' and 'Namaste' to which the Finnish colleagues were surprised. Indian employees had to explain the importance of adding Sir and Madam when welcoming guests.

*“Couple of times in the beginning we had some situations while addressing Indian passengers in a certain manner e.g., Sir/Ma'am, welcoming them by saying "Hello Sir and Welcome Madam". Finnish colleagues were surprised and often asked why we always say "Namaste" to everyone. We had to explain to them that India is a big country and has many languages and cultures. Namaste is a respectful gesture and a word understood by all” (I1)*

*“One of the examples is nodding or shaking head sideways for OK which is very different from Finnish culture as they only nod for yes or no.” (I1)*



*“Yes, I did face conflicts. For example, Finns would say thing straight on our face if the answer is a yes or a no but Indian would start giving reasons and explanations and do not say ‘NO’ in plain words” (I2)*

*“To Finns, you would only have to say once to do some work. Usually, it is well noted and done precisely as advised. However, to Indians you would have to say several times, instruct them what and how to do and even cross-check once they say, work is done.” (I2)*

Similarly, all the Finnish interviewees experienced some kind of conflict and communication challenge with their Indian colleagues. It is observed that one of the main communication challenges that Finnish interviewees faced was that Indians do not ask their superiors to explain or repeat questions if they do not understand something. It is considered shameful in Indian if one does not follow what is explained at first time. They would rather do things as individually perceived and understood than asking to explain questions twice.

*“I asked the team of 10 Indians to contribute to an assignment and received only one reply. Maybe my communication was not clear enough at that time and they did not ask me to explain or rephrase my questions.” (F2)*

*“A challenge in communication with Indians may be that they don’t always listen to the given instructions carefully or out of politeness, they may not ask defining questions although they wouldn’t have understood them properly. However, they are very loyal and committed towards their work” (F3)*

*“I remember one occasion from a flight where an Indian flight attendant said to a Finnish colleague that she seems to have gained weight since they met last time. Finnish colleague was very hurt, and it took some time to convince her that the Indian colleague did not mean to offend her.” (F2)*

This particular observation shows that Indian culture is a high context culture where they do not ask questions directly or explicitly if they do not understand something.

Along with this, it is also noticeable that Indians are hesitant to say 'No' for an answer to something and they are not direct in communicating. Rather, they start to explain things which can further complicate the matter especially for a person of the other culture. Another aspect of the conflict reflects Individual vs. Group culture. Finland is considered to be more Individualistic culture and India is considered to be more of a group-oriented culture because of which group-oriented working style can be very open and sometimes they may share information even if it is not asked. Therefore, this can indulge these two opposite cultures into conflict.

#### **4.6. Hierarchy vs Freedom**

Lastly, Indian interviewees were asked if they felt that the Finnish employees were 'too frank' while working and their opinions on that. It is observed that all the Indian interviewees felt that the Finnish employees were too frank which was a positive sign and was beneficial for them in the working environment. It helped them to approach their Finnish colleagues and talk to them without hesitation, helped them to contact their managers comfortably and give & receive feedback with a positive attitude.

*"I think they are frank and that also makes life easier for Indian employees to reach and talk to them. Being frank also makes them honest. You can give your feedback and suggestions easily and you may talk to any of your managers comfortably. In these ways they have a wonderful and open minded culture."*  
(I1)

*"Finnish colleagues are too Frank, which is a very positive and encouraging platform to start working for any company."* (I3)

*"Finnish employees are frank and treat everyone well and equal."* (I2)

On the other hand, Finnish interviewees were asked if they experienced hierarchy working with Indian colleagues and managers. Two of the three interviewees observed hierarchy within the Indian team. For example, Indian employees would always treat their managers with high respect and would not talk to them directly. Another experience was related to attending a monthly meeting and practice of entering the

meeting rooms. In India, they even enter the meeting room in a hierarchical form. For example, first the employees are supposed to enter the meeting room, then the line managers and only then after 20-30 minutes the top managers would arrive in the room and get greeted by all the employees already waiting for them. However, one of the interviewees mentioned that she did not experience hierarchy, but this could be because everyone was working under Finnish brand name and followed Finnish culture standard and company rules.

*“Yes I have experienced hierarchy. For example, arrival to the meeting was related to hierarchy. First the employees would come and then the management would come hierarchy wise. The employees would come first, then managers and then the top management would enter 20-30 minutes late!” (F1)*

*“There was an Internal hierarchy within the Indian team, even though the roles were not that strict. I felt my managerial role was more coaching and leading the team gently to the right path.” (F2)*

*“In my company I have found working with Indians non-hierarchical. Every team member is equal and has a possibility to express opinions and ideas freely regardless of the position. This may have to do with the Finnish working environment and the values of the company I'm working in.” (F3)*

From the above-mentioned answers, we can observe that hierarchy in the Indian culture is still visible (among themselves) even if they all work for Finnish organisations. Additionally, we see that Finnish working culture is very frank and treats everybody equally. It is easier for all the employees under Finnish management to approach their managers comfortably and in a more confident way as compared to the Indian managerial system. This proves yet again from the literature review that India has a thick hierarchical system with a high power distance index when compared to Finland.

## **5. Discussions and conclusions**

We learn from the literature that globalisation has offered reasons to explore and to search for cultural understanding. However, it's challenging to say precisely if globalisation has reduced the cultural differences. Therefore, in this thesis' discussion section certain questions stand: are cultural conflicts that can potentially arise between Indian employees and Finnish managers frequent? How frequent? or whether these conflicts are just hypothetical.

Moreover, how Finnish/ Indian employees/ managers see the significance of these conflicts, and what, in their experience, can be done to manage these kinds of cultural conflicts? I would like to draw the attention of the readers that the literature review of this thesis raises questions like 'Has increasing cultural awareness reduced conflicts in the workplace? And which cultural dimensions are now seen to be causing fewer or more conflicts/challenges?

The next section of the thesis aims to answer the mentioned research questions by summarizing and linking the concepts of the literature review and further discussing the findings related to it.

### **5.1. Main findings**

#### **5.1.1. Comparison of Indian and Finnish culture**

Both Indian and Finnish cultures are unique in their own ways. The following section reveals the comparison of these two cultures with the help of Four Cultural Value Patter by Richard Gesteland. This would show what kind of problems and conflicts can arise from the differences between the two cultures.

#### **Formal vs. Informal**

In informal cultures, equality among the members of the society is considered to be a vital right. There could exist "artificial hierarchies" in the working environment, however, there exists equality between people. On the other hand, formal societies rely on hierarchy. India's condemned caste system still exists in some parts of the country. Both the cultures, being on the different sides of the formal - informal spectrum can cause differences that can declare themselves into the following categories:

### ***Freedom of speech vs. Respect for authority***

In formal countries such as India, authority is considered to be paramount. It is considered that their ability to make decisions and problem solving is better than their attendants. This is somewhat true as they are known as leaders due to their works. However, questioning their superiority can be extremely rude. On the contrary, freedom of speech is highly important in informal cultures. For Finns, free exchange of thought is the key due to which the progress emerges. Direct communication between the leaders and their employees is a part of the work and is considered helpful instead of considering it as an attempt to damage one's superiority. The leader takes feedback from its subordinates and considers it an important part for the growth of the company.

### ***Group vs. Individual***

Formal cultures are more group-oriented working cultures. Group-oriented working systems are open and use their networks such as families and friends to solve their problems. As mentioned under section 4.5., group-oriented working culture may share emotional information which is not required. On the other hand, informal culture is more of an individualistic culture. They work individually and only ask or offer help when asked. The differences between these cultures can arise because group-oriented people may find individualistic cultures as antisocial or non-approachable. Whereas, individualistic culture people may find the other inactive or inattentive.

### ***Expressive vs. Reserved***

The dimension of expressive and reserved cultures is related to the ways communicating and expressing. Finnish culture is more introverted and reserved by nature whereas Indian culture is somewhat reactive, it is mainly expressed through extroversion. This can create conflicts between the two cultures in the sense that Indians might feel that Finns do not want to work with them or are not very approachable and their communication styles could be overwhelming to the Finns.

## **Deal-focused vs. Relationship-focused**

In the deal-focused cultures, a contract is the main purpose for a business. This culture usually tends to focus on short-term goals instead of long-term goals. Since Finnish culture is agreement seeking and rule obeying culture, it is considered to be a deal-focused culture. However, in a relationship-focused culture, relationships have more priority. These cultures do not always stick to the written agreements due to which there can be major conflicts between the two cultures. It is important that both the parties have mutual understandings and thorough agreements to avoid trust conflicts.

The comparison between Indian and Finnish culture provided the probable conflicts in communication. These cultures' attitudes towards hierarchy, being expressive or reserved, formal or informal differed excessively. The conflict between these two cultures could occur because of having less understanding of each others' views and perspectives. The research shows that understanding each others' culture is valuable to minimize these cultural differences.

## **5.2. Limitations**

Due to the extent of a Bachelor thesis, there are some limitations that this research contains. First, the sample of 3 Finnish and 3 Indian interviewees cannot exactly reveal the entire population of Indian and Finnish working culture. The work experience of each interviewee is different and their views and mindset towards the other culture may differ from one another. Additionally, these differences can also be perceived due to different backgrounds and knowledge since India is a densely populated country and people belong to various cultures that have subcultures. Therefore, the interviewees only represent an insignificant part of the humongous working culture and cross-cultural differences. That is why their ideas and opinions cannot be generalised because of different lifestyles and views towards the other culture. Hence, upcoming research and analysis should expand the set of participants from both the cultures to gain better insights, and greater results that can represent the study.

Secondly, the qualitative method and the research design chosen for this research study can hold drawbacks such as transcribing the opinions and the interpretation of the words. Therefore, there is a need for in-depth research that could further focus on the shortcomings along with having intensive qualitative and quantitative research for superior results and generalisation.

Third, five out of the six interviewees have worked entirely under Finnish organization. Therefore, some of Hofstede's cultural dimensions studied under Indian management system cannot be proven. However, only one of the interviewees has experience and worked under Indian management system, yet, we cannot generalise after studying the results from a solitary person.

### **5.3. Practical implications for companies**

Communication and expression plays an important role in all multicultural organisations. Even mildly sarcastic comments or jokes can be taken seriously by a team member and result in a conflict. Therefore, teamwork is a collective obligation and each member has to understand the direction of the discussions clearly. Communication problems are commonly found among multicultural team members where there is not much frequent interaction. That is why multinational managements should bring their employees together on a regular basis to be able to improve conversations and mitigate any misunderstanding among employees of different cultures. Yearly cultural training for employees could not only spread awareness but also bring harmony to the workplaces. Employees learn cultural differences, start to respect one another and help refraining from cultural conflicts. There is an absolute need to create an internal cross-cultural awareness program or else organisations can not teach employees how to interact with others in different regions and countries effectively. Training brings awareness and can include sessions on local greetings, business etiquette and customs. This will help to dissolve the tension, avoid conflict and educate employees to identify and embrace cultural differences rather than ignoring them altogether.

Team building activities during breaks, team outings, celebrating cultural festivals, birthday parties help employees to bond with each other despite their cultural differences. Managers should encourage team members to interact during their freetime and through social events. When they know each other better, it is much easier to address conflict immediately and solve it at the earliest. This way, organisations will be able to create resilient global teams and better relationships with customers.

#### **5.4. Suggestions for further research**

This thesis has given a cultural glance to the readers and painted a picture with a rather small qualitative study to appreciate and understand if Hofstede's studies are still valid and useful for students and companies interested in cultural issues as it is not any more considered the latest study. Through this thesis readers do get food for their thoughts; however, core studies are certainly required. More company focused and practical studies should be conducted to achieve the enhanced and correct data to be able to work further on certain areas to get required results. Additionally, further research should study how Indian and Finnish managers/employees approach and resolve conflicts.

Making generalisation is difficult taking into account Finland is comparatively less populated country, the old generation in Finland have different views on certain topics and they rather prefer to follow their own culture whereas the new generation's views are constantly changing. On the other side, India is a mammoth size country with a huge population and numerous cultures & values; therefore, Finnish-Indian cultural values may differ from one another. That is where we need to update the knowledge constantly.



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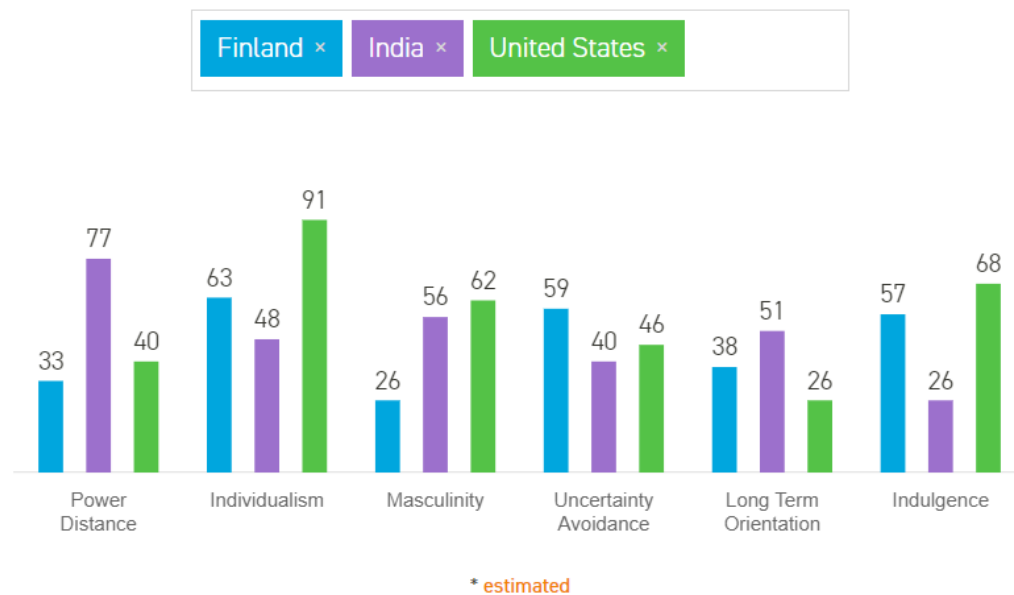
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## APPENDICES

### Appendix A



(Hofstede Insights)

### Appendix B

Small Power Distance	Large Power Distance
Use of power should be legitimate and is subject to criteria of good and evil	Power is a basic fact of society antedating good or evil: its legitimacy is irrelevant
Parents treat children as equals	Parents teach children obedience
Older people are neither respected nor feared	Older people are both respected and feared
Student-centered education	Teacher-centered education
Hierarchy means inequality of roles, established for convenience	Hierarchy means existential inequality
Subordinates expect to be consulted	Subordinates expect to be told what to do
Pluralist governments based on majority vote and changed peacefully	Autocratic governments based on co-optation and changed by revolution
Corruption rare; scandals end political careers	Corruption frequent; scandals are covered up
Income distribution in society rather even	Income distribution in society very uneven
Religions stressing equality of believers	Religions with a hierarchy of priests

(Hofstede, 2011)

## Appendix C

Individualism	Collectivism
Everyone is supposed to take care of him- or herself and his or her immediate family only	People are born into extended families or clans which protect them in exchange for loyalty
"I" – consciousness	"We" –consciousness
Right of privacy	Stress on belonging
Speaking one's mind is healthy	Harmony should always be maintained
Others classified as individuals	Others classified as in-group or out-group
Personal opinion expected: one person one vote	Opinions and votes predetermined by in-group
Transgression of norms leads to guilt feelings	Transgression of norms leads to shame feelings
Languages in which the word "I" is indispensable	Languages in which the word "I" is avoided
Purpose of education is learning how to learn	Purpose of education is learning how to do
Task prevails over relationship	Relationship prevails over task

*(Hofstede, 2011)*

## Appendix D

Femininity	Masculinity
Minimum emotional and social role differentiation between the genders	Maximum emotional and social role differentiation between the genders
Men and women should be modest and caring	Men should be and women may be assertive and ambitious
Balance between family and work	Work prevails over family
Sympathy for the weak	Admiration for the strong
Both fathers and mothers deal with facts and feelings	Fathers deal with facts, mothers with feelings
Both boys and girls may cry but neither should fight	Girls cry, boys don't; boys should fight back, girls shouldn't fight
Mothers decide on number of children	Fathers decide on family size
Many women in elected political positions	Few women in elected political positions
Religion focuses on fellow human beings	Religion focuses on God or gods
Matter-of-fact attitudes about sexuality; sex is a way of relating	Moralistic attitudes about sexuality; sex is a way of performing

*(Hofstede, 2011)*



## Appendix E

Weak Uncertainty Avoidance	Strong Uncertainty Avoidance
The uncertainty inherent in life is accepted and each day is taken as it comes	The uncertainty inherent in life is felt as a continuous threat that must be fought
Ease, lower stress, self-control, low anxiety	Higher stress, emotionality, anxiety, neuroticism
Higher scores on subjective health and well-being	Lower scores on subjective health and well-being
Tolerance of deviant persons and ideas: what is different is curious	Intolerance of deviant persons and ideas: what is different is dangerous
Comfortable with ambiguity and chaos	Need for clarity and structure
Teachers may say 'I don't know'	Teachers supposed to have all the answers
Changing jobs no problem	Staying in jobs even if disliked
Dislike of rules - written or unwritten	Emotional need for rules – even if not obeyed
In politics, citizens feel and are seen as competent towards authorities	In politics, citizens feel and are seen as incompetent towards authorities
In religion, philosophy and science: relativism and empiricism	In religion, philosophy and science: belief in ultimate truths and grand theories

(Hofstede, 2011)

## Appendix F

Short-Term Orientation	Long-Term Orientation
Most important events in life occurred in the past or take place now	Most important events in life will occur in the future
Personal steadiness and stability: a good person is always the same	A good person adapts to the circumstances
There are universal guidelines about what is good and evil	What is good and evil depends upon the circumstances
Traditions are sacrosanct	Traditions are adaptable to changed circumstances
Family life guided by imperatives	Family life guided by shared tasks
Supposed to be proud of one's country	Trying to learn from other countries
Service to others is an important goal	Thrift and perseverance are important goals
Social spending and consumption	Large savings quote, funds available for investment
Students attribute success and failure to luck	Students attribute success to effort and failure to lack of effort
Slow or no economic growth of poor countries	Fast economic growth of countries up till a level of prosperity

(Hofstede, 2011)

## Appendix G

Indulgence	Restrained
Higher percentage of people declaring themselves very happy	Fewer very happy people
A perception of personal life control	A perception of helplessness: what happens to me is not my own doing
Freedom of speech seen as important	Freedom of speech is not a primary concern
Higher importance of leisure	Lower importance of leisure
More likely to remember positive emotions	Less likely to remember positive emotions
In countries with educated populations, higher birthrates	In countries with educated populations, lower birthrates
More people actively involved in sports	Fewer people actively involved in sports
In countries with enough food, higher percentages of obese people	In countries with enough food, fewer obese people
In wealthy countries, lenient sexual norms	In wealthy countries, stricter sexual norms
Maintaining order in the nation is not given a high priority	Higher number of police officers per 100,000 population

*(Hofstede, 2011)*

## Appendix H

Monochronic People	Polychronic People
Do one thing at a time	Do many things at a time
Concentrate on the job	Are highly distractible and subject to interruptions
Take time commitments seriously (deadlines, schedules)	Consider time commitments an objective to be achieved, if possible
Are committed to the job	Are committed to people and human relationships
Are low-context and need information	Are high-context and already have information
Adhere religiously to plans	Change plans often easily

Are concerned about not disturbing others; follow rules of privacy and consideration	Are more concerned with those who are closely related (family, friends, close business associates)
Show great respect for private property; rarely borrow or lend	Borrow and lend things often easily
Emphasize promptness	Base promptness on the relationship
Are accused to short-term relationships	Have strong tendency to build lifetime relationships

*(COMMUNICATION AND CONFLICT IN INTERNATIONAL BUSINESS: CASE OF INDIA AND FINLAND, n.d.)*

### Appendix I

Linear-Active	Multi-Active	Reactive
Talks half the time	Talks most of the time	Listens most of the time
Does one thing at a time	Does several things at a time	Reacts to partner's action
Plans ahead step-by-step	Plans grand outline only	Looks at general principles
Polite but direct	Emotional	Polite and indirect
Job oriented	People oriented	Very people oriented
Uses many facts	Feelings before facts	Diplomacy over truth
Limited body language	Unlimited body language	Subtle body language

*(Red Tangerine, n.d.)*

### APPENDIX J

Q1: How has your experience been working with Indian/ Finnish managers and employees? How long has your experience been? What are the most positive things about working with Indian/ Finnish managers and employees?

Q2: Before working with Indian/ Finnish employees and managers, did you have any stereotype views towards their culture? If so, what are they? Has your experience confirmed these stereotypes/ proved them wrong?

Q3: Did you go through any process like self-study or training provided by your organisation to understand and adapt to the country and company culture? If so, what was the length and what topics were covered in it?

Q4: Have you ever come across conflicting situations in your organization? If yes, how did you solve them? Do you think cultural differences played any role in these conflicts(if you had any)? Please elaborate.

Q5: Have you faced or heard any big or small communication challenges when dealing with Indian/ Finnish colleagues? Can you give an example?

Q6: Did you witness hierarchy in your organization while working with Indians? (for Finnish interviewees) Please give an example.

Q7: Did you ever feel that Finnish employees are 'too frank' when working? (for Indian interviewees) and your own opinion.